

CostQuest Associates (CQA) Economic Research & Analysis



MTPCS USF Model Output August 23, 2011

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For further information or if
there are any questions or
concerns contact:
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Model Output – Louisiana

The results are produced by the CostQuest Wireless[®] model using cost inputs and support model inputs chosen by MTPCS, LLC d/b/a Cellular One (“MTPCS”).

Support Model Parameter Definitions

ARPU Benchmark – Average Revenue per User (ARPU) determines economic viability. Costs that exceed revenue (ARPU) are considered “negative contribution” and are supported. Nothing below the benchmark ARPU of \$40 per subscriber per month is supported.

Monthly Funding Cap – This is the funding cutoff. The model excludes funding to customers whose costs are excessive. In this scenario the Monthly Funding Cap was set at \$200 per subscriber per month.

Take Rate – Percentage of consumers and businesses that will subscribe to service.

Results Definitions

Total Subscribers Supported – Number of subscribers in Census Blocks where monthly costs exceed ARPU.

Average Contribution Margin - Estimated monthly service revenues less adjustments provided by MTPCS were compared to the monthly costs of owning and operating 4G network and services to determine a contribution margin for each Census Block.

Output Summary

Louisiana USF Model Output - MTPCS	
<i>Model Parameters</i>	
<i>ARPU Benchmark</i>	<i>\$40</i>
<i>Monthly Funding Cap</i>	<i>\$200</i>
<i>Take Rate</i>	<i>40%</i>
Total Subscribers Supported	214,000
Average Contribution Margin per Supported Subscriber	(\$6.64)
Total Annual Funding	\$ 17,000,000

Output Map – Contribution Margin by Census Block

